

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1598 – SB 1795

February 22, 2018

SUMMARY OF BILL: Exempts the following types of insurance coverage from the filing requirements of commercial risk insurers: boiler and machinery, environmental impairment/pollution liability, kidnap and ransom, political risk or expropriation, employment practices liability, media liability, product liability, product recall, and completed operations.

Reduces the aggregate paid premium threshold applicable to commercial risk insurers, from \$250,000 to \$200,000, effectively exempting from filing requirements any commercial risk insurer which paid aggregate premiums of greater than \$200,000.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$9,000

Assumptions:

- Pursuant to Tenn. Code Ann. § 56-5-106(a)(1), every insurer of commercial risk insurance, except insurers of inland marine risk, are required to file with the Commissioner of the Department of Commerce and Insurance (DCI) all rates, supplementary rate information, policy forms, and endorsements, not later than 15 days prior to their effective date.
- Pursuant to Tenn. Code Ann. § 56-5-122(a)(1)(D)(iv), commercial risk insurers who paid aggregate insurance premiums of greater than \$250,000 are exempt from the aforementioned commercial risk insurance filing requirements.
- This legislation increases the types of commercial risk insurers who are exempt from such filing requirements.
- Exempting additional commercial risk insurers from filing requirements will result in reduced revenue that was formerly recognized through filing fees.
- Filing fees often vary from one insurer to the next because Tennessee is retaliatory; the state charges a fee equal to that which was levied by a foreign state against Tennessee-domiciled companies.
- Based on information provided by the DCI, the total revenue collected from rate filing fees from FY14-15, FY15-16, and FY16-17, for the lines of coverage exempted by this legislation, was \$27,000, or \$9,000 per year (\$27,000 / 3 years).
- A recurring decrease in state revenue to the General Fund of \$9,000.

IMPACT TO COMMERCE:

Decrease Business Expenditures - \$9,000

Assumption:

- This legislation will result in a recurring decrease in business expenditures of \$9,000 for commercial risk insurers operating in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb